



STEVE COOLEY
LOS ANGELES COUNTY DISTRICT ATTORNEY

18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

January 13, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE DISTRICT ATTORNEY TO ACCEPT 16th YEAR GRANT
FUNDS FROM THE STATE OF CALIFORNIA, DEPARTMENT OF
INSURANCE (SCDI) FOR THE WORKERS' COMPENSATION
INSURANCE FRAUD (WCIF) PROGRAM FOR FISCAL YEAR 2008-09
(ALL DISTRICTS) (4-VOTES)**

SUBJECT

The Workers' Compensation Insurance Fraud Program supports enhanced investigation and prosecution of workers' compensation fraud cases. The District Attorney is requesting approval to accept grant funds in the amount of \$5,282,006 for FY 2008-09.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the enclosed Resolution authorizing the District Attorney to accept grant funds for the Workers' Compensation Insurance Fraud Program from the State of California, Department of Insurance. Funds in the amount of \$5,282,006 have been awarded for the period of July 1, 2008 to June 30, 2009. There is no required County match for this grant.
2. Authorize the District Attorney to execute the Grant Award Agreement (GAA) on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the GAA that do not increase the net County cost of the agreement.

4. Approve the attached Budget Adjustment in the amount of \$813,000 to allocate funding authority to salary and employee benefits, services and supplies, and fixed assets for the WCIF Program. This amount represents the difference between the grant award and FY 2007-08 carryover funds, and the amount budgeted for FY 2008-09.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The SCDI has awarded funding for the WCIF Program for the past fifteen years. On April 25, 2008 the District Attorney's Office (DA) submitted an application to the SCDI to continue funding for the WCIF Program in FY 2008-09.

The DA was awarded \$5,282,006 for this program to be used solely for the investigation and prosecution of workers' compensation fraud cases, and cases relating to the willful failure of employers to remit payments into workers' compensation programs designed to protect employees.

The objective of the Los Angeles County District Attorney's Workers' Compensation Insurance Fraud Program is the prevention, deterrence and prosecution of those who abuse the workers' compensation system by criminal methods.

Since 2005-06, the WCIF Program has reported the following:

	<u>FY05-06</u>	<u>FY06-07</u>	<u>FY07-08</u>
Number of suspected fraud claims reviewed	506	665	756
Number of new (investigation) cases	163	331	373
Number of new case filings/indictments initiated	107	137	92
Number of defendants convicted	78	106	69

The reported number of defendants convicted includes felony and misdemeanor charges. There were a total of 146 cases in progress during FY 2007-08 which included 180 defendants and total chargeable fraud of \$22,226,965.

Board approval is required to accept grant funds and the SCDI requires an approved resolution by the County Board of Supervisors as part of the GAA. Adoption of the enclosed resolution has been approved as to form by County Counsel and will satisfy County and State requirements.

Implementation of Strategic Plan Goals

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility, by securing available revenue to offset program costs. This program directly supports the District Attorney's core mission to vigorously prosecute felony crimes throughout the County of Los Angeles.

FISCAL IMPACT/FINANCING

The amount of \$5,282,006 has been awarded to the Los Angeles County District Attorney's Office for the WCIF Program for the period of July 1, 2008 to June 30, 2009.

The attached Budget Adjustment in the amount of \$813,000 represents the difference between the actual grant award, FY 2007-08 carryover funds and the amount included in the FY 2008-09 department budget for the WCIF Program.

There is no net County cost associated with this program.

If funding for this program is terminated, an evaluation will be conducted to determine whether the program will either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the provisions of § 1872.83 of the California Insurance Code, the State Department of Insurance is authorized to award and distribute funds to District Attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of fraudulent workers' compensation claims. The District Attorney's Office has been awarded funding for this Program for the past fifteen years.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board Motion of December 15, 1998, requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

The Honorable Board of Supervisors
January 13, 2009
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CONCLUSION

Following Board approval, the Executive Officer-Clerk of the Board is requested to return two copies of the adopted Board Letter and executed Resolution, with a wet signature, to Ms. Patricia Boone, Grants Unit, Los Angeles County District Attorney's Office, 201 N. Figueroa Street, Suite 1300, California, 90012. Any questions may be directed to Ms. Boone at (213) 202-7668.

Respectfully submitted,


STEVE COOLEY
District Attorney

Attachments

c: Chief Executive Officer
County Counsel

1 **BOARD OF SUPERVISORS**
2 **COUNTY OF LOS ANGELES**

3 **RESOLUTION**

4 Authorization to Accept a Grant Award from the
5 State of California, Department of Insurance
6 Pursuant to California Insurance Code
7 Chapter 12 commencing with § 1871, et seq.

8 **WHEREAS**, the provisions of § 1872.8 of the California Insurance
9 Code authorize the State of California, Department of Insurance to award and
10 distribute certain funds to district attorneys submitting plans approved by the
11 Bureau of Fraudulent Claims for the increased investigation and prosecution of
12 fraudulent workers' compensation claims; and the District Attorney is charged with
13 providing prosecution of all felony offenses committed within this County; and

14 **WHEREAS**, the Board of Supervisors of Los Angeles County recognizes
15 that fraudulent claims are costing our citizens millions of dollars annually, with
16 thousands of jobs being lost due to local business closures precipitated by escalating
17 workers' compensation costs caused by fraud; and

18 **WHEREAS**, the County of Los Angeles, acting through its Board of
19 Supervisors, desires to combat workers' compensation insurance fraud by
20 undertaking a certain project designated the "Workers' Compensation Insurance
21 Fraud Program" by the District Attorney to be funded through funds made
22 available by the Insurance Fraud Prevention Act as provided for pursuant to
23 California Insurance Code § 1872.83, administered by the State of California,
24 Department of Insurance; and

25 **WHEREAS**, the State of California Department of Insurance approved
26 the fraud reduction plan submitted by the Los Angeles County District Attorney's Office

1 for Fiscal Year 2008-2009, for the Workers' Compensation Insurance Fraud Program
2 for this specific task.

3 **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of
4 the County of Los Angeles hereby authorizes and approves acceptance of grant funds
5 from the State of California, Department of Insurance, to be used exclusively for the
6 program designated the "Workers' Compensation Insurance Fraud Program" for the
7 period covering July 1, 2008 to June 30, 2009;

8 **BE IT FURTHER RESOLVED** that the County of Los Angeles
9 hereby authorizes the District Attorney to serve as Project Director and to perform
10 all further tasks necessary for the completion of the project, including

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any extensions, execution and submission of amendments, progress reports,
and payment requests relating to the Grant Award Agreement;

I DO HEREBY CERTIFY that at a regular meeting of the Board of
Supervisors of the County of Los Angeles, on this 13TH day of
JANUARY, 2009, the foregoing Resolution was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed the seal of the Board of Supervisors of the County of Los Angeles
this 13TH day of JANUARY, 2009.



County of Los Angeles

By Don Krabe
Chairman, Board of Supervisors

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Supervisors of the
County of Los Angeles

By [Signature]
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

RAYMOND G. FORTNER, JR.

By [Signature]
Deputy

Los Angeles County Chief Executive Office
Grant Management Statement for Grants Exceeding \$100,000

Department: District Attorney

Grant Project Title and Description Workers' Compensation Insurance Fraud Program

The objective of this program is to enhance the identification, investigation and prosecution of organized workers' compensation insurance fraud. These grant funds will allow the District Attorney's Office to continue its collaborative efforts with the State of California, Department of Insurance (SCDI) to investigate and prosecute unscrupulous doctors, chiropractors, lawyers and others engaged in workers' compensation insurance fraud in Los Angeles County.

Funding Agency
California Department of Insurance

Program (Fed. Grant # /State Bill or Code #)
California Insurance Code § 1872.83

Grant Acceptance Deadline

Total Amount of Grant Funding: \$5,282,006

County Match: \$0

Grant Period: FY 2008-2009 Begin Date: July 1, 2008

End Date: June 30, 2009

Number of Personnel Hired Under This Grant: 30

Full Time: 28 Part Time: 2

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☒

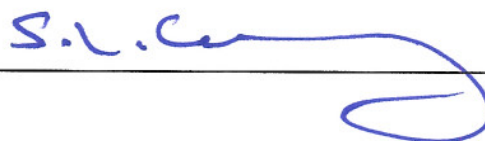
b). Identify other revenue sources Yes ☐ No ☒
(Describe) _____

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

55 Impact of additional personnel on existing space: None

Other requirements not mentioned above: None

Department Head Signature



Date 12/24/08

DEPT'S.
NO. 370
January 2, 2009

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT
DEPARTMENT OF DISTRICT ATTORNEY'S OFFICE

AUDITOR CONTROLLER:
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE
REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR THE
RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FISCAL YEAR 2008-2009

4 -VOTES

SOURCES

✓ District Attorney
✓ A01 - DA - 88 - 8831 - 14030
✓ State - Other Revenue \$813,000
Increase Revenue

USES

✓ District Attorney
✓ A01 - DA - 1000 - 14030
✓ Salaries & Employee Benefits \$155,000
Increase Appropriation

✓ District Attorney
✓ A01 - DA - 2000 - 14030
✓ Services & Supplies \$608,000
Increase Appropriation

✓ District Attorney
✓ A01 - DA - 6030 - 14030
✓ Fixed Assets \$50,000
Increase Appropriation

JUSTIFICATION

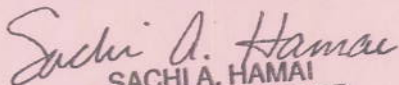
This Budget Adjustment allocates the unbudgeted revenue from the State of California, Department of Insurance for the Workers' Compensation Insurance Fraud Program. The additional appropriation will provide sufficient funds needed to successfully implement the program.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES


Norbert Ruiz, Chief
Budget & Fiscal Services Division

33 JAN 13 2009

CHIEF EXECUTIVE OFFICER'S REPORT


SACHI A. HAMAI
EXECUTIVE OFFICER

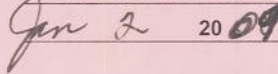
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EXECUTIVE OFFICER FOR

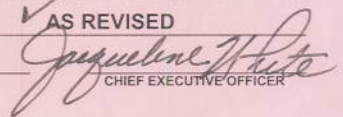
ACTION

✓ RECOMMENDATION

APPROVED AS REQUESTED

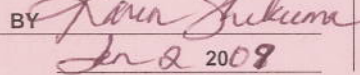
✓ AS REVISED




CHIEF EXECUTIVE OFFICER

AUDITOR CONTROLLER

NO. 112

BY 
Jan 2 2009

APPROVED (AS REVISED)
BOARD OF SUPERVISOR'S

BY

DEPUTY COUNTY CLERK

SEND 5 COPIES TO THE AUDITOR-CONTROLLER